

Residential building land report

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Summary

This report covers the period 1 July to 31 December 2005.

Land values over this period have remained relatively stable. There have been far fewer transactions, particularly for sites of any size. However, demand for those larger sites made available is keen, despite the uncertainties in the housing market. Sites for individual dwellings or small developments continue to sell well, particularly if 'clean' and where there is no requirement for a social housing element or other substantial planning obligations.

The impacts on land values of the requirements for elements of social housing are not yet clear. The greater proportion of brownfield land being developed, which has site-specific remediation costs, together with very varying site densities, means area in becoming less reliable as a determiner of value. The value reflects the accommodation for which planning consent can be obtained rather than site area alone.

In the December Pre-Budget Report, the Chancellor, announced an increase in the number of houses built each year from 150,000 to 200,000 by 2010. Planning reforms, to accelerate delivery through the planning system, will back these proposals. They are contained in Planning Policy Statement (PPS) 3, which is currently subject to a period of consultation.

Also announced by the Chancellor as part of the Pre-Budget Report, was a period of consultation on the introduction of Planning Gain Supplement (PGS). The proposal is for PGS to be introduced in 2008, as a means of capturing a modest proportion of the value uplift arising on land for which full planning permission has been granted. Initial industry reaction was generally negative, with the problems associated with the application to brownfield sites with remediation costs, and the relationship with s106 agreements commented on. The 'roof tax' model used in Milton Keynes was suggested as an alternative. However, more recent comment on the PGS by some parts of the industry has been more favourable.

In late December, a National Audit Office (NAO) recommended that public sector bodies with large landholdings should use it for affordable housing rather than selling it to the highest bidder.

The impact of both the Chancellor's announcements in the Pre- Budget Report and the NAO study, on the supply and demand for residential building land, and consequently price, will no doubt take some time to filter through to the market.

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England

North East

There have been a much-reduced number of transactions in this region over the last six months. Generally, those sales that have occurred indicate no significant fall in values since July. Incentives continue to play an important part in the sale of new houses, as developers seek to improve cash flow. The suggestion is that builders are halting development on some sites due to lack of interest.

The sale of sites for developments of flats particularly on Tyneside is still at saturation point and the future prospects for this sector are not as attractive as for other general developments. Local authorities are much more conscious of the need to develop social housing and most now require this to be part of any large scheme.

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North West

There have been few sales of residential land in **Lancaster** over the last six months with the limited evidence suggesting values are unchanged from those reported in July 2005. It would appear that the forces acting within the residential land market are finely balanced at present. On the one hand the moratorium on granting residential planning permission has meant that less land is coming onto the market impacting on supply, but the residential market itself is quite sluggish at present, influencing demand.

Two recent sales of land for flat developments in **Blackpool** suggest that the demand is still quite strong in that particular sector of the market. However it would appear demand for such sites many have peaked; firstly because the flat market appears over subscribed and secondly developers are not so keen to commence new projects when the value of the finished product is uncertain, knowing that they will have to complete the whole block before any sales can take place.

Major builders have acquired all sites in **North Cumbria** with significant development possibilities, and the various restrictions on new developments have caused the land market for residential sites to dry to a trickle. Symptomatic of the slowdown is the recent advertisements in a local paper by a major house builder, promoting a 'small works' team.

Land values in the **Preston** and **West Lancashire** area are not considered to have altered significantly over the past six months. The amount of land coming to the market with the planning moratorium in place is somewhat limited. House prices have levelled off and house developers are offering incentives to achieve sales in some cases. It is considered that the apartment market has become somewhat saturated in Preston. The former Sharoe Green Hospital site in Preston has recently been marketed and interest from both local and national builders was keen.

A limited number of sales of brownfield sites in the lower value town centre locations of **Blackburn** have achieved at or around £1.4 million per hectare. Two sites in the Colne area have recently sold for around £1.75 million per hectare.

Generally, in the East Lancashire area, the limited evidence suggests that when sites come to the market there is keen demand. Consequently the current values for these areas show increases over those reported in July 2005.

The **Greater Manchester** market in residential building land has been relatively quiet over the past six months, with few completed transactions; but indications are that values are still increasing albeit by small amounts

There are, however, still some 'hot spots' and these tend to be inner-city areas close to, or with easy access to, Manchester city centre, which seems at present to be losing none of its 'magnetism'. The Ludgate Hill area north of the city centre along the Rochdale Road has attracted interest recently, and there have been reports of a site of approximately 0.2 hectares, with planning permission for 86 apartments, selling for more than £2.25 million.

With the wide variation in prices per hectare within the Manchester City Council area in particular, the average prices per hectare quoted for the suburbs should be treated with caution. A similar situation exists in the **Salford** area, where Salford Quays acts as a draw, similar in some respects to that of Manchester city centre.

Developers appear to be frustrated by the moratoria on development in the more popular localities within Greater Manchester, though some local authorities in such areas are likely to be more amenable to proposed developments on 'brownfield sites' or where 'affordable housing' is included.

In respect of 'affordable housing' local reports indicate the first affordable homes for sale in **Bury** at discounts of 30%. A number of other schemes are progressing within Bury Metropolitan Borough, but the number of such transactions is insufficient to detect the impact on residential building land values.

Within **Chester** there have been few transactions of land for residential development during the past six months and the limited evidence suggest that the market in Chester has remained stable but there is a strong pent-up demand for quality residential land, with the exception of flats where there is a perceived over supply, and allied to a healthy housing market this should eventually be reflected in land values

Similarly the **Vale Royal, Macclesfield, Congleton, and Crewe and Nantwich** areas have also seen few transactions of land for residential development during the past six months and the limited evidence suggest that the market in all four Cheshire local authorities has remained static but there is a strong pent-up demand for quality residential land and allied to a healthy housing market this should eventually be reflected in land values.

There have been few transactions involving residential land in **Ellesmere Port** and the market has remained largely stable over the period. Peel Holding's are to begin marketing a two-hectare site in Rossfield Park in December 2005.

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Merseyside

There have been few transactions of land for residential development during the past six months and those that have occurred are mainly between public bodies. The limited evidence suggests that the market in **Sefton, Liverpool** and **Knowsley** has remained stable. However, there is a strong pent-up demand for quality residential land and allied to a healthy housing market there is potential for increased land values in Liverpool and Sefton.

There have been few transactions for residential land in both **North & South Warrington** but it remains an attractive location for developers and homeowners. There are a number of large planned residential schemes under construction in North Warrington. Although there were some concerns of over-supply of land, the local housing market is relatively healthy and there remains a strong and continuing demand by house-builders and developers for quality residential land. The recent trend of reducing differentials in land values between North & South Warrington has also continued over the last six months.

Land values in **St Helens** remain stable and will continue to be dictated by location and site condition.

There is limited evidence of sales values in the **Halton** area, the majority of land being made available by the local authority. Barratts have been selected to develop the 3.6 hectare former ASDA food store in Halebank, Widnes

There are tentative signs that the limited availability of quality land and planning restrictions in **West Wirral** may be leading to increased values in Birkenhead and Wallasey but the evidence is limited and must at this stage be treated cautiously.

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Yorkshire and Humber

Sheffield, Rotherham, Doncaster, Barnsley all demonstrate limited supply, but with demand and prices still high. Planning permission is now being sought for flat and housing developments on former industrial land close to the city centre and East End areas of Sheffield

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East Midlands

Over the last six months the volume of residential building land sales in **Derbyshire** was at a much lower level than that of the last few years, mirroring the slowdown in the housing market. There have been very few bulk residential land sales, with the majority of transactions being for smaller sites or single plots for infill development. Values particularly in the north of the county have remained fairly static with no real evidence to suggest values have risen. Land transactions over the last year suggest that there is still demand for smaller sites in rural locations such as the Derbyshire Dales and some parts of Amber Valley, as well as good residential areas within Derby City. There is evidence of slight value increases in some of these areas, but the overall picture indicates no significant changes in values across the county.

The value impact of affordable housing is difficult to quantify on the evidence of transactions to date. The extent of this impact will become more apparent over the next year as these policies feed through to the market. With several larger sites due to come onto the market in the next year in and around Derby, and with the issue of affordable housing in rural communities coming more to the fore, the impact may then be easier to quantify.

There have been very few transactions, to indicate changes in the levels of value of residential building land in **Nottinghamshire** in the last year. Those sales that have occurred follow a similar trend to that in Derbyshire, with most sales being for smaller plots. There is no evidence to suggest any increase in values with the suggestion the market has remained fairly flat. The impact of affordable housing is again difficult to assess on the evidence available and any impact on land values is likely to be more evident over the next year.

Overall there appear to be very few reliable transactions in **Lincolnshire** over the last six months and those that occurred indicate prices have been static or have declined slightly. Individual plots appear to be struggling to reach their reserve at auction in the more rural areas, but it is difficult to determine if this is a long-term trend or a seasonal anomaly. There is also uncertainty surrounding city centre sites, where developers appear to fear hidden costs such as affordable housing requirements, contamination and S. 106 agreements.

Northamptonshire has seen very few reliable land transactions suggesting a significantly slower market in comparison to previous years. In terms of values, most areas seem to be fairly stable. There have been transactions for smaller sites or single plots for infill development with demand concentrating mainly in rural villages. The impact of affordable housing on residential land values is difficult to quantify at present, but may become clearer in the new year with developers taking account of this.

There is still evidence of strong demand by both local and national house builders for sites in rural village locations of **Leicestershire** with good prices being paid. Elsewhere prices remain fairly static as the residential market seeks to adjust.

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West Midlands

There have been very few transactions within the **Bridgnorth** area, particularly for sites of any size. Consequently it is difficult to show any change of values over the last six months, although the perception is that the requirements for an element of affordable housing may be resulting in reduced values.

Sales evidence around **Market Drayton** suggests that values have increased with house price increases. However, whilst there are significant numbers of land sales in the area, these are mostly small sites, often in rural areas, with very few sales of larger sites. It is understood the council will require up to 40% social housing on many sites in the future, which may have a significant negative effect on values.

The **Oswestry** area has also seen very few reliable transactions in the town area, with most sales being of plots in village locations. Sales of larger sites are scarce and the requirement for affordable housing specific to individual sites has resulted in prices varying widely, with trends difficult to predict. The availability of land is hard to assess.

Similarly in the **Shrewsbury** area, there are too few reliable transactions in town to confirm any trend. Many sales are plots in villages, where there is a strong demand with a large variation in prices. Some very high prices have been obtained for plots in good rural locations. There is still demand for sites in Shrewsbury with River Severn frontage. Shrewsbury Town Football Club's ground, the Gay Meadow, with River Severn frontage was sold a while ago to a local builder, but there are still planning problems at present. Affordable housing is having an impact on values as builders have to comply with the Council's policy.

There have been few sales in **Craven Arms** town, although good plots in the right rural locations sell well. Affordable housing has an impact on values, which will become more significant in the future, as the council is tightening its policy. Availability of land for development is hard to assess with few larger builders appear to be in the market.

In the **Telford** area transaction prices vary considerably across diverse locations. Many sales are of plots with strong demand for plots in attractive villages. The council's affordable housing policy is having an impact on values in Telford and Newport as builders have to comply with the requirements. There is a separate policy for the rural area.

The values reported for larger bulk land site values in **Hereford and Worcester** assume an element of social housing. All of the local planning departments have local policies that assume relatively high percentages of social housing, although all differ in exact requirements with the percentage largely dependant upon the amount of available housing land stocks. Demand is still high for a limited supply of city centre sites and attractive rural villages and this is continuing, currently, to push up values for smaller sites, although there are not enough sales of bulk sites to give a reliable indication of value. The suggestion is that values will fall as the increased requirements for social housing begin to impact more widely. Whilst not recorded in the tables of values there has been a marked increase in values for barn conversions in rural locations particularly in Herefordshire.

There has been limited sales evidence across **Sandwell** District over the last six months. The suggestion is that demand for residential developments sites, the majority brownfield, for houses and flat schemes is still at quite a buoyant level, assisted by the shortage of supply, strong demand and planning policies which favour increased densities. The requirements of any affordable housing, Section 106 agreements also affect values.

Sandwell Metropolitan Borough Council have recently agreed sales on some sites in Smethwick in excess of £2.5 million per hectare, however these are site specific, and there have been either no, or very little, requirement for affordable housing and no abnormal development costs.

Across all areas of **Staffordshire** there have been very few transactions in the last six months. The few sales that have occurred suggest that values remain at about the same level as those reported in July 2005.

Within **Newcastle-under-Lyme** there continues to be some uncertainty over the possibility of any new planning permissions being granted, due to the numbers already given in the period of the current Local Plan. The market for apartments in the town

centre has slowed dramatically and this has had a knock on effect on the land for flats. This market seems to be 'taking a breather' whilst the demand for apartments, which has been traditionally low, becomes clearer.

Within the **Birmingham** area the anticipated impact on land values resulting from the closure of Austin Rover Cars at Longbridge has not been realised. Plans for the regeneration of parts of the former factory site are currently being discussed.

The market has been fairly active with a number of sales of small sites within the Birmingham area. City centre residential schemes still are progressing with further proposals for the next phase of the Mail Box being supported by Birmingham City Council. The Council has also sold a large number residential land sites to housing associations to help encourage further housing regeneration within the wider suburbs of Birmingham. Due to the diversity of the Birmingham region, residential land values can vary considerably depending on the remediation costs of site contamination, and the amount of any affordable housing requirements. Generally values are felt to be unchanged on those reported in July 2005.

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East of England

The vast majority of sales in the **Norfolk** area have been for infill development of single plots, or small sites of up to five plots, where no affordable housing provision is required. There have been very few sales of 'bulk' residential land. The market is very strong for infill plots, where values have shown a significant rise.

Similarly within **Hertfordshire** and **Bedfordshire** there is a continuing shortage of bulk land for residential development and again anecdotal evidence is that values are holding up, despite a flat housing market.

Late 2005 saw a number of sales of bulk land in **Peterborough**, although these sales may be the last for some time as the amount of bulk land available for development within the City is diminishing. Both the **Fenlands** and **Huntingdonshire** have seen very few sales. Demand for individual plots has declined since July 2005, and with a greater supply, plots are remaining on the market longer. However, prices are not showing any signs of declining.

There continues to be a limited number of sales of bulk land in and around the central area of **Cambridge**, which of necessity are brown field sites. The latest is the sale of the site currently accommodating the headquarters of Cambridge Water Company, which is about a mile from the central area. This sale confirms that land values are holding up well despite the slowing down of house price inflation.

Similarly in South and East Cambridgeshire there have been only a few sales of bulk land, mainly in Cambourne and Fulbourn, and these indicate that there has been an increase in values. However, overall activity remains somewhat subdued.

Across much of Essex there are few sales of bulk land, although sites for the development of one or two dwellings continue. Anecdotal evidence suggests interest remains strong in land that does come onto the market and values have increased.

The majority of transactions for **Basildon** are for single or small plots. The steady housing market has shown marginal increase in land. **Grays** benefits from the continuing interest from the East of London that has impacted on land prices. The majority of transactions are for smaller plots.

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London Generally

Again there have been few recorded transactions across London, however there is development taking place, and there are several large sites of surplus hospital land either being actively marketed or shortly to be so.

The residential land market, however, continues to be very site specific, and there are a number of factors that combine to complicate any valuation. Varying affordable housing quotients, Section 106 Agreements and the availability of Social Housing Grant all appreciably influence land value, and the viability of the schemes. The general level of affordable housing applied in Inner London Boroughs is now 35% in developments comprising 15 units or more, moving steadily towards the 50% quoted in the Mayor's London Plan. Central and local government pressures to permit higher densities have in part counteracted the negative effect on land values that might have been a result of these rising affordable housing quotients. There is still a premium, however, on small clean infill sites of less than 15 units.

The general view is that developers are taking a cautious and selective approach to development proposals.

Inner London

There has been no evidence of sales of sites in **Maida Vale** and **Paddington**, and little activity in the residential market in this location. Any residential development, however, will be brownfield land, which in itself is likely to have increased costs and risks. On top of this the burden of social housing is certain to be greater than any potential increases in end values for these sites. As a result of this and press reports, it is felt that values have fallen slightly since the previous report.

In **Kensington** and **Chelsea** there is no market evidence for bare sites. Since the last report the market in both second hand and new property has been very quiet. At the top end of the market, in Chelsea, houses and flats in the range £2 million plus have shown signs of slightly increased activity, following City bonuses. However the general view is that land prices have fallen.

There is also uncertainty caused by speculation that planning conditions will be imposed restricting the sale of new properties in the Borough to local residents in an attempt by the Royal Borough of Kensington and Chelsea to provide more affordable housing, which would impact on land values in future.

In **Hammersmith**, again there are no sales of bare sites for development. However the market is quiet, and it is felt that land values have fallen, as and developers have been cautious for some time.

In **Hackney**, **Islington**, **Newham**, and **Tower Hamlets** the boroughs have responded to political pressure and housing need, rarely refusing scheme applications on density grounds alone, and instead adopting a broader approach incorporating design quality, accessibility, parking and amenity requirements. These factors and the Mayor's London Plan have influenced densities far more appreciably than local Unitary Development Plans in recent times.

The housing market in inner north east London has passed through a period of stabilisation and prices are once again increasing, slowly but surely. This has to some extent restored the confidence of developers, reducing their inbuilt risk/profit share and inflating sums available to bid for development land. The suggestion is residential land values have marginally risen due in part to the more optimistic housing market and in part to rising densities, these factors counteracting rising affordable housing quotients and rapidly escalating building costs.

Mixed-use schemes are increasingly prevalent, partly dictated by planners' requirements and partly by developers spreading their risk. Disposal of redundant Local Authority and Hospital land particularly promotes this type of scheme, often with the inclusion of a socially beneficial land use (e.g. health/education) by virtue of Section 106 or otherwise.

Whilst geographical and site-specific considerations will inevitably cause variation, the general trend is considered to be one of marginal rise in the residential land market following a period of stability.

In **Lambeth** and **Southwark** the market for residential land has been mixed, with a few sites attracting high densities commanding proportionately higher prices per hectare. Others with a higher affordable element are significantly lower. In response to the increasing demands by central government, the planners are now more amenable to high-rise developments in SE1 and SE16.

Developers would appear to be taking a cautious approach, influenced very much by the degree of funding for affordable accommodation.

The overview of recorded transactions gives a very misleading picture, due to varying densities, and degree of affordable housing. The prices reflect the accommodation for which consent could be obtained rather than the size of the site alone.

In **Wandsworth** developers remain cautious. There has been one large site sold at much increased density (464 habitable rooms per hectare), which has increased the price per hectare significantly. It is not clear whether this pattern will be repeated, and it may be the individual circumstances of the development, which is 100% flats with excellent transport facilities. Otherwise the few sites that have been sold are small infill sites of around 0.1 ha. The second hand market has shown no signs of movement, which would suggest a stable land market, and any increases are likely to be as a result of improved densities,

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Outer London

In **Barking**, **Walthamstow**, **Chadwell Heath** and **Romford** there have been few sizeable land transactions to report within the last six-month period, with the market being active mainly within small sites and infill development sites. There is a requirement to increase social housing content within larger schemes in all the boroughs and greater building densities are being considered, particularly within "urban" locations.

The market for residential land is active, with prime sites remaining in high demand and attracting high transaction land values. Higher permitted planning densities have had a positive effect in maintaining and enhancing land values.

The general market however is hesitant, and certainly developers are not projecting enhanced end sale values when bidding for sites, and there is general concern on current house prices, the perceived direction of the house market in the immediate future, development costs and interest rates.

Sales of small sites, infill developments and brown field sites continues to be active, but are very sensitive to price. From transactional data, values vary greatly for such small sites, with average values being difficult to determine. Again prime small sites generate high demand and high transaction values, but in the main the market is very cautious.

In summary, a cautious market, but with a small increase in average values since July 2005.

In **Hounslow** and **Ealing** generally, the old adage that the right product, at the right price in the right location will sell, is certainly true presently. Developers still want land and will bid up to get it. However, they will not bid too much - hence values are strengthening slightly. Site density would be a particular issue nowadays with high-density flat developments selling for premium rates. There is still pressure to change office sites to residential, and riverside locations in W4 and sites in central Ealing would be particularly desirable. Developers do not want social housing in their developments, but budget around it.

In **Enfield, Barnet** and **Haringey**, evidence continues to come almost exclusively from sales of infill and back land brown field sites, with imaginative developers obtaining planning consents for small, irregularly shaped plots. In some instances existing properties sold for redevelopment are being granted planning permissions for atypically dense developments, pushing up prices per hectare for such sites. This makes analysis difficult! Anecdotal evidence from agents indicates that demand remains strong although there is no evidence of an overall increase in values, presumably a reflection of the current quiet residential market. The lack of sizeable development sites on the market means that the requirement to include affordable housing impacts mainly on the larger developers

In **Brent Harrow & Hillingdon** No new sites for redevelopment have come on board this period, although several remain in the construction stage, developers are therefore competing with each other the moment any site is identified. This has strengthened the market and likewise developers' values for prime land. With good planning density levels and plot ratios, values are creeping upwards and opinion remains optimistic that this is still the case despite the absence of new sites.

Social Housing continues to remain a burden for developers on large schemes, and they are adapting their bid accordingly. With an over supply of office buildings languishing vacant at the present time, the prediction is for more conversions and remodeling of those blocks taking place in the area over the next few periods.

In **Kingston, Merton** and **Richmond** there is no direct evidence, and the market is quiet. The second hand housing market is static, and no noticeable increase in prices is anticipated. With this, and increased construction costs, it is expected that land prices will remain static, or possibly fall if there is pressure to provide affordable housing.

In **Bromley, Croydon** and **Sutton** the pressure continues for purchase of existing single houses on large plots for demolition and replacement with large prestige houses. Such development is likely to be below the level at which affordable housing is required.

There is little direct evidence of large sites, and the few under construction have been acquired for some time. Taylor Woodrow are particularly active with two large schemes, one at Bickley and the other at Biggin Hill.

In **Bexley, Greenwich** and **Lewisham**, there have been several transactions at widely differing prices per hectare, which would support the view expressed elsewhere that value is now very site specific, depending on the density that can be achieved, and the funding for affordable housing. Four of these transactions were to Housing Associations, who still appear to be active and able to pay premium prices. Strong interest can still be expected in sites overlooking the Thames in all three boroughs.

New property sales do not appear to be as brisk, and this must impact upon land values, but there would still appear to be interest, as long as the right package can be assembled.

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South East

There are few opportunities for development in the **Adur** area. The latest phase of the Emerald Quay development on Shoreham Beach is coming on stream shortly. In **Arun**, Laing Homes and Wimpey have now acquired four hectares of land at Toddington for the construction of four hundred dwellings.

There are sizeable development opportunities in **Chichester** at St Richards and Graylingwell hospital complexes, which will be released on completion of the Northern Relief Road.

The planning authority in **Crawley** is proactive with regard to brownfield development. As a result several new schemes are in the pipeline to feed the continuing strong demand in this area.

Within **Horsham** demand is high for any brownfield sites that become available, although in mid Sussex tight planning controls continue to restrict development.

In **Worthing**, public consultation on the Teville Gate site has recently ended, with a planning application for a mixed-use scheme incorporating more than two hundred flats shortly to be made. In addition, development has begun on the Norfolk Hotel and Rivoli sites opposite.

In the **Medway Towns** area further development has been undertaken at Chatham Maritime whilst a large scheme is planned for redundant farmland adjoining the A289 in Gillingham. It is understood that two schools have earmarked surplus grounds for residential development. A social housing development is underway opposite Strood Railway Station.

More development is earmarked for the canal basin on the edge of **Gravesend** town centre. A small affordable housing redevelopment scheme is earmarked for a compound of lock up garages in Meopham village.

A mixed commercial and residential development by a local housing association has just been completed in **Dartford** Town Centre. Otherwise there has been limited activity in the urban areas other than infill building plots. In the surrounding villages there is a proposal to redevelop the paper mill site in Horton Kirby.

Further development is being undertaken at the **Maidstone** Hospital site and the former Kent County Council Springfield site. Brownfield sites close to the River Medway in the town centre are still being developed. On the edge of the town centre, the former Territorial Army premises in Sandling Road is being redeveloped with just under 100 apartments. Numerous smaller scale schemes are underway in the villages.

In and around **Sevenoaks** town centre there are a number of small developments. There is a large Bovis Homes development in Edenbridge. Further development is planned at Kings Hill and in Tonbridge Town Centre a large scheme is earmarked for Old Cannon Wharf. Development in **Tunbridge Wells** has seen minimal reflecting lack of available sites and a restrictive planning policy.

Within **Hampshire** the past six months has seen sales of small brownfield sites that were formally used as light industrial, the majority of which are situated in South Hampshire. The Major Development Area at Elvetham Heath, Fleet is still to be fully completed, which will lead to additional greenfield sites with planning permission being released. In addition the sale of former NHS land at Park Prewett, Basingstoke, a large site, is expected imminently as final bids for the land have just been received.

In east and north **Surrey** there is a very vibrant market for residential development land. This has been fuelled by pressure from the ODPM for increasing the provision of new houses and flats and increased demand for additional smaller residential units. Although the local planning authorities are endeavouring to curtail any development in Green Belt areas, all other areas are experiencing great interest from developers, including infilling, and this is helping to drive land values up.

The situation in West Surrey mirrors that seen in East and North Surrey, where there appears to be a strong demand for sites for flats, most infill plots being subject to this type of development at high densities. This appears to be fuelling land values.

Within **Oxfordshire** very little has changed in the passed six months. The political and strategic discussion continues on where to accommodate the additional housing required by the ODPM over the next 10 to 20 years. Lobbying against the further expansion of **Didcot** has intensified of late with more claims that the infrastructure will be unable to cope and the County Council saying it will be unable to fund the additional secondary school. **Bicester** and **Grove**, also earmarked for further expansion, are also lobbying against on similar grounds.

Oxford City Council is adamant in the need to expand its boundaries to the south east into the Green Belt whilst the Green Party is throwing its weight behind plans to develop a redundant quarry to the north of Oxford as a stand-alone new settlement. Plans to extend **Banbury** southwards have been put forward to the chagrin of neighbouring parish councils.

In South Oxfordshire, the District Council is under pressure from **Reading** who want to extend their remit further across the River Thames with attendant fears of development. In the meantime, several interests are quietly promoting their rural development schemes.

There are no substantial development opportunities in Oxfordshire so developers and speculators are turning to the purchase of substantial dwellings for demolition and development of premium apartments. Other locations are seeing the conversion of single dwellings into flats. Small developments avoid many S106 obligations.

The market in **Buckinghamshire** has generally been quiet over the last six months. The main area of activity is in **Milton Keynes** where the government is looking for 211,000 new homes in and around the town over the next 16 years. In an attempt to cash in on this expansion George Wimpey has acquired a site on the south western edge of the town that has planning consent for 1,650 dwellings.

Also of interest is a site in the town where Milton Keynes Partnerships have granted planning consent for 1,400 homes, after the developers agreed to pay a 'roof tax' aimed at providing infrastructure for the scheme. The tax which the government calls an 'infrastructure tariff' was costed by the planners for the infrastructure required for the expansion of the town and they

concluded that the developers should contribute £20,000 per house. Milton Keynes is the first area in the country to seek enhanced contributions from developers as a means of ensuring long term funding, but it is expected that other growth areas will follow suit. It is not expected that this will affect demand for residential land in this location.

In the rest of Buckinghamshire there is no evidence of any significant movement in prices and demand remains strong, particularly in the south of the county.

Despite a downturn in the residential house prices in the **Thames Valley** and particularly in **Reading**, demand for residential development sites in **Berkshire** remains extremely strong at the present time. Furthermore, it is understood that some house builders are trying to increase their land-bank sites for future developments.

It has also been noted in **Slough** that with the Local Plan supporting significant density levels for flat schemes, that values in this particular area have been reinforced.

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South West

Demand for building land in Exeter and Barnstaple is generally quite high although there are very few sites available and therefore very little good evidence. Local development frameworks are currently identifying areas for new housing in several of the local authority areas where it is recognised that new housing land is needed for new development. A mixture of brownfield development and identification of a site for a new community in East Devon are achieving this.

Over the last six months there were fewer transactions in **Somerset**. Increased competition and confidence amongst buyers for available sites remains strong, leading to improved values. In particular demand for small sites remains strong with low interest rates underpinning such values. Larger sites appear to be taking longer to bring forward with increasing requirements for environmental assessments, traffic impact assessments, social housing provision and lengthy negotiations in respect of Section 106 agreements. With infrastructure such as roads and schools being placed under increased pressure local authorities appear to be increasing their demands upon developers of larger sites.

Despite forecasts of a slide in the **Dorset** market, demand for both large and small sites remains strong. Whilst there are many sales of single plots and small sites, there are fewer sales of larger sites. The prices achieved for larger sites remains strong and rising however. Generally, there is good demand all across the County.

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Wales

Whilst demand for residential land remains strong throughout Wales the level of value has remained largely stable, as the market has levelled out following the rapid increases of 2003 and 2004.

In South Wales the market continues to be dominated by the effect of **Cardiff** where high demand for new homes coupled with a relatively limited supply of sites means competition between developers has maintained levels of value within the city but also led to overspill to surrounding areas. To a lesser extent the same can be said of **Newport** and **Swansea**.

There have been few bulk sales in Cardiff over the last six months with the commencement of development awaited at the Atomic Weapons Establishment site in Llanishen and several ongoing schemes satisfying demand. In Cardiff Bay sites suitable for apartments are less attractive than in recent years, as existing completed developments prove difficult to sell. Within the city centre there are proposals for 400 apartments to be included in the St David's 2 scheme, a Land Securities and Capital Shopping Centres joint venture that will also provide over 130,000 square metres of retail space, a new public library and public square.

In the Valley communities north of Cardiff and Bridgend, demand for site continues to be high, largely to satisfy the overspill of demand from Cardiff rather than local needs.

In Swansea a number of sites have been acquired very close to the city centre e.g. Swansea Point. The prestigious Welsh Development Agency Swansea SA1 development, a mixed commercial and residential docklands re-development, continues apace. Developers remain active in the secondary Swansea locations, such as the Bryngwyn Village development in Gorseinon. In addition, work will commence in early 2006 at the Persimmon Homes 220 unit development in Water Street, Pontarddulais.

In **West and Mid Wales** demand from national developers serving the Swansea/Cardiff commuter corridor along the M4 extends as far west as the town of Llanelli. Further west and in mid Wales there is a lower level of demand to satisfy local needs, but at correspondingly lower values; for example, there is continued expectation of demand associated with the Liquid Natural Gas terminal development at Milford Haven.

The market in **North Wales** has slowed, but new development is still taking place. Some of the more expensive developments are finding it difficult to sell and are starting to provide incentives, such as free cars and no deposit schemes to close deals. Growth in some of the towns has increased, such as Ruthin, but overall prices are stable.

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Scotland

Regional Reports

The **Edinburgh** housing market has cooled with some evidence of builders offering incentives such as stamp duty paid. Land prices appear to have peaked for the time being. Looking to the future the proposals for the South East Wedge and Leith Docks should ensure a steady supply of land for a number of years though much of the land at Leith Docks is in the hands of one owner namely Forth Ports PLC. Most developments now have a requirement for affordable housing.

Bett Homes and Bryant Homes have joined forces in their "Strada" project, a development of apartments, penthouses and townhouses located on Pilton Drive, just off Ferry Road, where prices start from £171,000 for a 3 apartment flat.

Sovereign House Developments are currently seeking planning consent for the construction of 96 one, two and three bedroom apartments on the site of the former Richard Corsie Bowling Club in the Brunstane area of Edinburgh. With the advantage of underground parking and proximity to the city centre, the development should sell well if planning consent is forthcoming.

Situated in the highly sought after area of Cramond, "Caer Amon" is a development by AMA Homes where 4 and 5 bedroomed detached houses and townhouses are available from £770,000 up to £1,475,000. AMA (New Town) Limited is also currently on site at its "St Vincent's Place" development at Fettes Row. The created apartments retain the proportions of the traditional Georgian properties and the new build apartments, constructed on the south and north side of Fettes Row will offer a range of apartments from 700 square feet (one bed) up to 2,700 square feet (penthouse).

To the west of Edinburgh at Bathgate there have been a large number of new build projects in recent years. One of the current developments is Kier Homes' "Meadowfield Park" which will eventually comprise 114 properties. Kier Homes are reporting strong interest for the development, which is within easy commuting distance of either Edinburgh or Glasgow. Six detached housing styles are available.

In central Scotland, established over a year ago as a joint venture company with Kilmartin Property Group and King Homes, Sovereign House Developments has now launched the first phase of its "Hyalus Bank" development in central **Perth** where the first phase of 50 apartments has just been released for sale.

Dickie Homes are currently on site at their "Woodlands" project in **Stirling** where a range of 2 and 3 bedroom apartments are currently available at prices from £190,000 up to £236,000. Centrally located on St Ninian's Road, the site is within walking distance of the town centre.

Over in the West, Manor Kingdom are marketing their Kip Village development adjacent to the Kip Marina, near **Gourock** where properties enjoy the advantage of views of the Firth Of Clyde on one side or country views toward the Ardgallan Estate. Although the development is just a 40-minute train journey to the centre of Glasgow it is also attracting interest from second homeowners including a number of celebrities. Prices for the apartment starts from £125,000.

In **Greenock**, Kenmore Homes are currently on site at their "Waterfront" development. Located at the water's edge at St James' Watt Dock, once completed this project will comprise 80 properties in a mix of 1, 2 and 3 bedroom apartments. Floor sizes range from 639 square feet up to 1,131 square feet.

In **Glasgow**, Ogilvie Homes has recently released the second phase of 42 homes at Hillpark Gardens, off Hardridge Road, Corkehill. The development consists of 64 2 and 3 bedroom terraces, 3-bedroom semi detached and 3 bedroom-detached homes, and is a partnership development with Glasgow City Council. Released last year the first phase of 42 units sold out quite quickly. The starting prices for Phase 2 range start from £107,500 for the smaller 3 apartment/4 person mid terraced villas up to £130,000 for the 4 apartment/5 person end terraced villas (both have an additional toilet). Hillpark Gardens is an important project in the regeneration of the Corkehill-Pollok area and will build on the success of Bett Homes' initial project.

Alba Town Limited's £14,000,000 mixed-use regeneration of the Merchant Building development at Glasgow Cross is still under the construction phase. Consisting of 170 2 and 3 bedroom apartments with car parking, and 180,000 square feet of retail space it is hoped that the development will rejuvenate the Saltmarket area on the fringe of Glasgow's more preferred Merchant City.

Persimmon Partnerships (Scotland) Limited are currently in site at Wardhill in South West Glasgow. Located just off Parkhouse

Road, "Parklands" will eventually comprise 364 homes. Strong interest is reported for the first phase release of 112 homes.

Demand for individual building plots continues to be strong in the **Dumfries** area. However, good plots are in short supply. There have been no large transactions of residential development land in the past six months and there is a feeling that the market may have peaked for now. A number of new dwellings on the Craigs Ridge site are still available for sale which would seem to indicate a general slowing down of the market.

The number of open market transactions in the **Inverness** area is small and therefore evidence is limited. Local authorities are much more conscious of the need to develop social housing and most now require this to be part of any large scheme, usually 25%. Development on the outskirts of the city continues apace, although very recently incentives have started to play a part in the sale of new houses. The sale of sites for developments of flats has mainly been as part of general residential development.

The recent announcement of the route of the **Aberdeen** Western Peripheral Route will open up greenfield land on the outskirts of the city and relieve development pressure. Recent sales have all been on brownfield sites and sales evidence has been hard to analyse. Uncertainties with the City Councils policy towards affordable housing have delayed some transactions. The Local Plan is currently under review and it is anticipated that the city will press for a 25% contribution to affordable housing by developers.

Kepplestone in Aberdeen's West End is an 8-acre site being developed by Stewart Milne Homes. Upon completion, the project will comprise 240 apartments, including 9 townhouses, 50 terraced townhouses and 27 2-storey detached 4 and 5 bedroom villas. The developers have reported a strong demand and quoted prices range from £179,495 up to £660,000.

A new village is proposed at the Swallow roundabout to the west of **Dundee**. This is a greenfield site and will relieve pressure on development land in the city. Land is being released on cleared Council estates by the City Council for development by Registered Social Landlords.

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